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RUCPDOG/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RHEHNSC/NSC WASHDC  
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L JERUSALEM 000112

SIPDIS

STATE FOR NEA/IPA, EEB; TDA FOR KRESS; OPIC FOR DRUMHELLER;  
NSC FOR KUMAR; AID FOR BORODIN

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TAGS: [ECON](#) [ETRD](#) [EAID](#) [PREL](#) [KWBG](#) [KPAL](#) [IS](#)  
SUBJECT: WEST BANK CROSSINGS REMAIN FOCUS OF FRUSTRATION;  
INCREMENTAL PROGRESS CONTINUES

REF: A. 09 JERUSALEM 1933  
[1](#)B. 09 JERUSALEM 1376  
[1](#)C. 09 JERUSALEM 1094

Classified By: CG Daniel Rubinstein, Reasons 1.4 (b) and (d)

[1](#)1. (SBU) Summary: Palestinian private sector contacts emphasize that moving goods between the West Bank and Israel remains a complicated and time-consuming process. The continued use of a "back-to-back" process, which requires goods to be transferred from Palestinian to Israeli trucks, plus a lack of standardized processes or requirements, means that business executives spend a significant amount of their time personally intervening with GOI officials to ensure goods reach customers in a timely manner. Efforts to increase Palestinian access to markets have produced incremental improvements, including extension of operating hours at the Tarqumiya crossing in the southern West Bank and occasional permission to move containers through the Sha'ar Ephraim crossing in the northern West Bank. These efforts work best with a combination of donor support (often led by USAID), engagement by the Palestinian private sector and international community, and extended "trial periods," such as those that eased in changes at the Allenby/Sheikh Hussein and Jalameh crossings (refs A and B). End Summary.

[1](#)2. (SBU) The IMF and World Bank continue to emphasize that free access to international markets is essential to boost the performance of the Palestinian private sector, prompt export-led sustainable growth, and wean the Palestinian Authority (PA) off donor support. While movement and access restrictions within the West Bank have eased over the past two years, contacts from every sector tell Post that movement of goods between the West Bank and both Israel and Jordan through one of the six official crossing points remains complicated and time-consuming. Tarqumiya, the busiest crossing for exports, averaged 3,800 truckloads a month in 2009 with an average wait and processing time of about three hours per shipment, according to PalTrade. Not only does this impact the competitiveness of Palestinian companies, it also has led some to use West Bank settlements to send goods to market (ref C) or turn to smuggling. Post contacts note that the congestion and lengthy wait time could both be alleviated by longer hours at all the crossing points and by the adoption of streamlined processes for high-volume traders (such as those proposed by USAID's "Known Trader" program).

Logistics Monopolize Business Execs' Time

13. (C) The minutiae of logistics -- securing permission to import or export a new good, use a new transportation route, or try a new method of packing -- that would fall to a working-level employee in other parts of the world require personal intervention with the GOI by Palestinian executives.

In a comment echoed by many other private sector contacts, Nassar Stone's Samir Dahdal estimates West Bank business executives spend an average of 40% of their time on logistics, draining time away from business development and other essential company operations.

#### Longer Hours, Friday Closure at Tarqumiya

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14. (C) There has been incremental progress at some of the crossings. At Tarqumiya, the West Bank crossing point adjacent to the commercial hub of Hebron that handles the bulk of Palestinian exports, hours have been extended to 6:30 a.m.-7:00 p.m., but the crossing is now closed on Fridays for all Palestinian exports and most imports. Private sector contacts are pleased by an earlier opening hour in the morning, which is particularly helpful for exporters, and note that the extra two hours in the evening (only for inbound goods from Israel) allows goods unloaded from the Israeli port of Ashdod to arrive in the West Bank the same day. On the downside, Ghazi Herbawi, the head of the Hebron Businessman Association, expressed concern that the Friday closure is negatively impacting traders in fresh produce, agricultural goods, and gasoline -- all of which depend on daily shipments in both directions to meet demand.

15. (C) The increased hours were implemented January 3 and result from a multi-month conversation between USAID's Trade Facilitation Program, Palestinian shippers, the Office of the Quartet Representative, and GOI officials. While Herbawi welcomed the longer hours, he said that Hebron traders will continue to push for 24/7 trade in both directions. Nassar Stone's Dahdal said that the longer hours would not have a significant impact on his company. Instead, he said, the ability to ship door-to-door instead of the costly method of transferring goods from a Palestinian truck to an Israeli truck at each crossing would make a real difference in competitiveness. Note: Dahdal added that he had abandoned the effort to ship through the more convenient Wadi Fukin checkpoint located near his factory in Bethlehem and returned to Tarqumiya when it became clear that company CEO Nassar Nassar would personally have to call GOI officials prior to each shipment. "It just wasn't worth the time," said Dahdal. End note.

#### Containerized Shipment through Sha'ar Ephraim

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16. (C) One of the largest Palestinian agricultural companies, Sinokrot Group, successfully sent a full container of cherry tomatoes through the northern crossing of Sha'ar Ephraim for the first time on January 13. The container was scanned, transferred to an Israeli truck, then shipped via Haifa to France. The Israeli Coordinator of Government Activity in the Territories had previously given permission in late 2008 to Sinokrot after significant efforts by USAID officials and contractors, but the route was never tested because of shifting market demand. Shipping agent Mohammed Khader noted that the recent shipment does not automatically mean that other producers can follow suit. He said he believes that the GOI agreed to the shipment largely because they know and trust CEO Mazen Sinokrot, and he stresses that subsequent shipments have all required extensive coordination. However, he hopes it will set a precedent.

17. (SBU) Highlighting the unreliability of access to markets through Sha'ar Ephraim, USAID's Trade Facilitation Program noted that over the past year, containerized shipments of pickles and dates have been denied, while couscous containers were permitted to cross. Without reliable and standardized procedures, many contacts tell us they will not take a risk

on sending a container -- particularly with perishables --  
that could get turned around.

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